

**AGREEMENT BETWEEN THE COUNTY OF ORANGE
AND THE CITY OF LA HABRA**

The County of Orange, hereinafter referred to as "COUNTY", and the City of La Habra, hereinafter referred to as "CITY", with both parties collectively referred to hereinafter as "parties", enter into this Agreement with reference to (1) the City annexing certain hereinafter specified unincorporated islands that fall within CITY'S sphere of influence, (2) the dissolution of County Service Area #20 and the CITY assuming the providing of services for that area, and (3) the transfer of ownership and control of drainage facilities on La Mirada Channel, as follows:

WHEREAS, the CITY is contemplating the annexation of up to six unincorporated islands within the CITY's sphere of influence, known as (1) Macy/Randall Island as depicted on the attached Exhibit 1; (2) Citrus/Idaho Island as depicted on the attached Exhibit 2; (3) Citrus/Entrada Island as depicted on the attached Exhibit 3; (4) Cypress/Terry Island as depicted on the attached Exhibit 4; (5) Hensel/Magda Island as depicted on the attached Exhibit 5; and (6) Palm/Shadycrest Island as depicted on the attached Exhibit 6, with items 1 through 6 hereinafter referred to as the "County Islands"; and

WHEREAS, Revenue and Taxation Code section 99 provides that prior to the effective date of any jurisdictional change, the affected agencies of such change shall negotiate the amount of property tax revenues to be changed; and

WHEREAS, the CITY and COUNTY have met and negotiated both a property tax exchange and other consideration, all of which is conditional upon the CITY's annexation of the County Islands becoming final and effective; and

WHEREAS, upon recordation of the annexation and assumption of services by the City, the City shall receive a one-time compensation of \$3,101,565 to be used for public improvements and maintenance projects for the County Islands and in the City at large; and

WHEREAS, the COUNTY shall dissolve County Service Area #20, as depicted on the attached Exhibit 7 (hereinafter "CSA #20"); and

WHEREAS, County Fund #475 is the account in which all County Service Area #20 funds are deposited, and

WHEREAS, upon the dissolution of CSA #20 and the City's assumption of services for the area within CSA #20, the City shall receive a transfer of all remaining funds in County Fund #475; and

WHEREAS, the County shall transfer into the City's ownership and control the Drainage Facilities for La Mirada Creek Channel, as depicted on the attached Exhibit 8 specifically Local Drain 30" CMP, 18" Local Drain RCP, and 30" RCP Local Drain (from Los Angeles County) with County ownership and control, excluding that certain segment indicated as OCFCD Drainage which the Orange County Flood Control District will continue to own and control; and

NOW, THEREFORE, based on the foregoing and in consideration of the parties' mutual agreements and promises hereinafter set forth, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. CITY'S Annexation Application.

Within 90 days of the execution of this Agreement, the CITY will file an application for and diligently pursue annexation of the County Islands, to be

chosen at the CITY'S sole discretion, with the Local Agency Formation Commission (LAFCO).

2. Property Tax Exchange.

Upon annexation of the County Islands and assumption of services by the CITY becoming final and complete, the COUNTY and CITY agree to exchange of property taxes generated within County Islands as follows:

- (a) The County shall receive 40.6836 percent and the City shall receive 59.3164 percent of the County's share of the 1 percent basic levy of property tax from the annexations, with the re-allocation taking effect after LAFCO approval of the annexation. These proportional shares shall remain as the allocation of tax revenues between the City and the County for the annexations for all future years unless the City and County agree by written Resolution to adjust the allocation proportions.
- (b) The City shall receive a one-time compensation of \$3,101,565 to be used for public improvements and maintenance projects.
- (c) As the City provides its own fire protection services and does not contract with the Orange County Fire Authority, the City shall receive 100% of the Structural Fire Fund for the annexed areas and facilities for all future years.

3. County Service Area #20.

The COUNTY shall dissolve CSA #20, with the City to assume the services for the area within CSA #20, and the City to receive a transfer of all remaining CSA #20 funds held by the County at the time of dissolution.

4. La Mirada Creek Channel Drainage Facilities.

The County shall transfer into the City's ownership and control the Drainage Facilities for La Mirada Creek Channel, specifically Local Drain 30" CMP, 18" Local Crain RCP, and 30" RCP Local Drain (from Los Angeles County) excluding that certain segment indicated as OCFCD Drainage which the Orange County Flood Control District will continue to own and control.

5. Open Code Enforcement Cases.

The County commits to making its best effort to close out open code enforcement and building safety/planning cases prior to the date of annexation, with the understanding that City agrees that County shall be entitled to charge, receive and retain all code enforcement fine amounts, which shall be the County's sole consideration for all services performed in closing the open cases. For code enforcement cases that still remain open on the date of Annexation, the County will administer the cases to completion, using County ordinances and code enforcement procedures.

6. Permits and Plan Check Issues.

City agrees that County shall be entitled to charge, receive and retain all customary fees for open cases that continue past the date of annexation, including planning application, building permit fees, grading fees, and inspection fees. The fees shall be the County's sole consideration for all services performed in closing the open cases.

7. Fees.

CITY will request that Local Agency Formation Commission (LAFCO) allow this annexation to be processed under the former "small island annexation program" so that LAFCO fees and map and legal fees are waived for the CITY.

8. Deeds.

COUNTY and CITY agree to execute, in recordable form, such documents as may be required to effectuate the annexation. In addition, if any transfer of ownership of real property that would not automatically result from the annexation is necessary to carry out the objectives of this agreement, the COUNTY will execute, in recordable form, such deeds or other documents as may be required to accomplish those objectives.

9. Remedies.

In the event of a breach of this Agreement, the non-breaching party shall have the right to pursue against the breaching party, any and all remedies that are available at law or in equity for breach of a contractual agreement.

10. Organization.

The various headings and numbers herein, the grouping of provisions of this Agreement into separate clauses and paragraphs, and the organization thereof, are for the purpose of convenience only and shall not be considered otherwise.

11. Amendments.

Any changes to this Agreement shall be in writing and shall be properly executed by both parties.

12. Partial Invalidity.

If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the reminder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

13. Governing Law and Venue.

This Agreement has been negotiated and executed in the County of Orange, State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 394.

14. Termination.

This Agreement may terminate upon the failure of either party to fail to fulfill its obligations under Sections 1 through 4 as provided herein.

15. No Third Party Beneficiaries.

The parties expressly acknowledge and agree that they do not intend, by their execution of this Agreement, to benefit any person or entities not signatory to this Agreement. No person or entity not a signatory to this Agreement will have any rights or causes of action against the CITY or COUNTY, or any combination thereof, arising out of or due to CITY'S or COUNTY'S entry into this Agreement.

16. Notice.

Unless otherwise permitted by this Agreement, all notices to be given shall be in writing and may be made by personal delivery or by certified mail, postage prepaid and return receipt requested. Mailed notices shall be addressed to the Parties at the address listed below, but each party may change the address by written notice in accordance with this paragraph. Receipt will be deemed made as follows: notices delivered personally will be deemed communications as of actual receipt; mailed notices will be deemed communicated as of actual receipt; mailed notices will be deemed communicated on receipt or rejection.

17. Counterparts.

This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original.

18. Entire Agreement.

This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements, either written or oral, express or implied.

19. Further Acts.

The parties agree to execute such additional documents and to take such further actions as are reasonably necessary to accomplish the objectives and intent of this Agreement.

20. Indemnification.

Each party agrees to indemnify, defend with counsel approved in writing by the other party, and hold the other party, and their officials, officers, employees and

agents free and harmless from any claim, loss, damage, or injury to property or persons, including wrongful death, in any manner arising out of or incident to any negligent act, omission or willful misconduct of the agreeing party, their respective officers, employees or agents, arising out of or in connection with the execution or performance of this Agreement, including without limitation the payment of attorney fees.

21. Waiver.

The failure of any party to insist upon strict compliance with any provision of this Agreement or to exercise any right or privilege provided herein, or any party's waiver of any breach hereunder, whether unless in writing, shall not relieve any other party of any obligations hereunder, whether of the same or similar type. The foregoing shall be true whether the waiving party's actions are intentional or unintentional.

22. Authorization to Execute.

The signatories to this Agreement warrant that they have been lawfully authorized by their respective parties to execute this Agreement on their behalf.

23. Recordation.

The CITY shall cause this Agreement to be recorded with the Orange County Recorder's Office within 60 days of the last signature required on this Agreement.

24. Severability.

If any provision or clause of this Agreement or any application of it to any person, firm, organization, partnership or corporation is held invalid, such invalidity shall not affect other provisions of this Agreement which can be given effect without

the invalid provision or application. To this end, the provisions of this Agreement are declared to be severable.

25. Prohibition Against Assignment.

Neither CITY nor COUNTY may assign this Agreement or any interest in it without the prior written consent of the other.

26. Exhibits.

This Agreement incorporates by this reference, the following Exhibits, which are attached hereto:

Exhibit 1- Macy/Randall Island

Exhibit 2- Citrus/Idaho Island

Exhibit 3- Citrus/Entrada Island

Exhibit 4-Cypress/Terry Island

Exhibit 5- Hensel/Magda Island

Exhibit 6- Palm/Shadycress Island

Exhibit 7- County Service Area #20

Exhibit 8- Drainage Facilities

IN WITNESS WHEREOF, the Parties hereto have executed this Contract on the dates set forth below:

CITY OF LA HABRA

By _____
City Manager, City of La Habra

Date _____

COUNTY OF ORANGE, a political
subdivision of the State of California

By _____
Chair, Board of Supervisors

Date _____

Exhibit 1



City of La Habra
Macy/Randall Island

0 0.05 0.1 0.2 Miles

Exhibit 2



City of La Habra
Citrus/Idaho Island

Diagram of a beam with a triangular load. The beam has a total length of 680 feet. A triangular load is applied over a 170-foot segment in the middle of the beam. The load intensity starts at 0 at the left end of the triangle, increases linearly to 340 lb/ft at the right end of the triangle, and then decreases linearly back to 0 at the right end of the beam. The peak load of 340 lb/ft is located at the midpoint of the 170-foot triangular segment.

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Aerial imagery courtesy of Bing

LA HABRA HEIGHTS ISLANDS

Los Angeles County

Orange County

Entrada

Citrus Drive

La Habra



City of La Habra
Citrus/Entrada Island



LA HABRA HEIGHTS

Los Angeles County

Orange County

TERRY

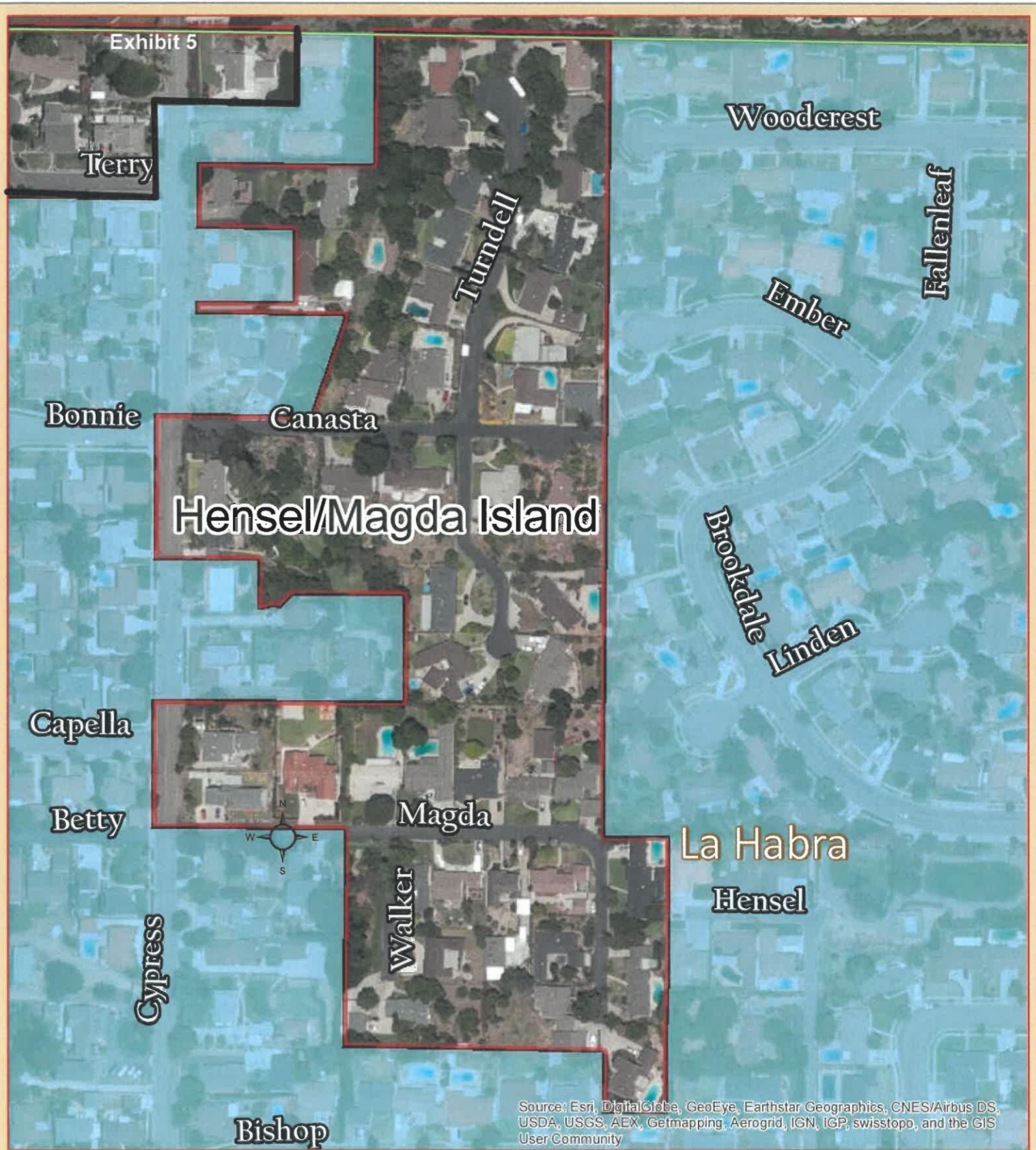
CYPRESS

La Habra



City of La Habra
Cypress/Terry Island

0 70 140 280 Feet



City of La Habra Hensel/Magda Island



Legend

- LA HABRA
- Hensel/Magda Island



Palm/Shadycrest Island

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5/18/12

Exhibit 7

Los Angeles County

Janine Dr

39

Macy St

N Cypress St

N Idaho St

N Walnut St

N Euclid St

W La Habra Blvd

S Idaho St

S Walnut St

S Euclid St

S Cypress St

E La Habra Blvd

72

E Whittier Blvd

N Palm St

S Palm St

Kashlan Rd

Harbor Blvd

N Harbor Blvd

N Harbor Blvd

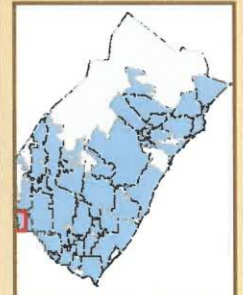
La Habra

Legend

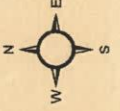
LA HABRA

CSA 20

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



Vicinity Map



0 0.7 Miles

County Service Area 20



Exhibit 8

La Habra Unincorporated Island

Legend

- Local Drainages
- Natural Watercourse
- La Mirada Creek Channel (A08)
- County Boundary
- Unincorporated Island Boundary



0 50 100 200 300 Feet

